

Statement of Representative Tom Udall
H.R. 2419
May 24, 2005

Mr. Chairman:

I rise today to speak about a matter of great concern to me and to many of my constituents. The Los Alamos National Laboratory, in my district, is one of the largest employers in the state. Two years ago, the Secretary of Energy determined that after more than 60 years of management by the University of California, the contract for the management and operations of the Los Alamos National Laboratory would be opened to a competition.

We are all aware that there have been problems concerning the security of classified materials handled at the lab and questions about safety practices. It is important to note, however, that statistically the incidences of injury and illness at Los Alamos are well within the range of both comparable DOE facilities and major chemical and manufacturing industrial complexes. Still, I have consistently supported the competition in the hopes that the best management team wins so the scientists and employees at Los Alamos can continue to contribute to our national security and conduct world-class strategic science.

Last Thursday, the National Nuclear Security Administration released the final Request for Proposals, or RFP, for the Management and Operating contract of the Los Alamos National Laboratory. In December, the NNSA released a draft of this RFP. What concerns me is that these documents were substantially different in two very fundamental ways.

First, the draft RFP did not indicate a requirement for the establishment of a separate, dedicated corporate entity; the final RFP does. Because this requirement was not included in the draft RFP, the public was never given the opportunity to comment on it. While that structure may have emerged from the competition as the best design for the management of LANL, we'll never know. By mandating a specific corporate structure from the outset, the NNSA has eliminated the proposition of an entirely different, and perhaps more creative and effective, management structure. That appears to me to severely constrain, rather than promote, true competition.

Secondly, the NNSA has taken the surprising step of dictating that the new management entity must establish a stand-alone pension plan, one that would serve the employees of Los Alamos only. Again, that requirement was not included in the draft RFP so the public never had the opportunity to comment on it. The potential changes to the pension plan under a change of management have been of the utmost concern for the vast majority of Lab employees who have contacted me regarding the competition.

Currently, the employees of Los Alamos benefit greatly from being included in the University of California Retirement Plan, which covers more than 170,000 employees. The

major organizations that have expressed the intent to bid for the Los Alamos contract already employ in excess of 100,000 people. Obviously, a pension plan designed to cover that many employees generates significant leveraging power.

The Los Alamos National Laboratory alone currently employs only 8,000 people directly. There is no way that a stand-alone pension plan designed to serve only 8,000 employees could offer benefits as great as one that serves five, ten or, in the case of the University of California Retirement Plan, 17 times that many. Shouldn't the decision for how to best manage a financial matter as significant as that of a pension plan be left to the discretion of the new managing entity?

Furthermore, approximately 60 days ago, the NNSA completed the competition for the management of Lawrence Berkeley National Laboratory. The University of California, which has managed Lawrence Berkeley for 74 years, was awarded the contract. As such, Lawrence Berkeley will continue to be managed as a non-profit entity, and its 3,800 employees will continue to be included in the generous pension plan offered by the University of California.

The design of the final RFP for the management of Los Alamos National Laboratory ensures that a non-corporate management structure cannot even be considered in the competition. That is, the type of management structure that has very successfully served Lawrence Berkeley for 74 years and Los Alamos for 62 years is not even on the table.

In conclusion, while I strongly support this competition, I do not see how it is in the best interest of this country that a competition for the management and operation of a national security complex as important as Los Alamos has been so greatly narrowed.

I would like to thank Representative Visclosky for affording me this opportunity to speak, and with that, I yield back my time.